

Message Text

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43

ACTION SS-20

INFO OCT-01 AF-10 EUR-25 EA-11 ISO-00 SSO-00 NSC-10 NSCE-00

CIAE-00 INR-10 NSAE-00 RSC-01 INRE-00 EB-11 COME-00

TRSE-00 SCEM-02 INT-08 SPC-03 PM-07 DODE-00 DRC-01

L-03 CIEP-02 /125 W

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O R 041639Z JAN 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 2691

INFO AMEMBASSY LAGOS

AMEMBASSY TOKYO

AMEMBASSY LONDON

USMISSION OECD PARIS

LIMITED OFFICIAL USE THE HAGUE 0058

FOR UNDERSECRETARY DONALDSON FROM AMBASSADOR

E.O. 11652: N/A

TAGS: ENRG, XX

SUBJ: BIDDING FOR SPOT OIL

1. WAGNER, PRESIDENT OF SHELL, DURING OUR PRIVATE LUNCH TODAY URGED IN STRONGEST TERMS THAT USGOVERNMENT DO ALL IN ITS POWER TO PREVENT AMERICAN COMPANIES FROM BIDDING FOR SPOT OIL AT ADVANCED PRICES WHICH HE FEELS CAN ONLY HAVE DISASTROUS CONSEQUENCES.

2. HE SPECIFICALLY REFERRED TO RECENT BID OF \$22.60 PER BARREL FOB FOR 240,000 B/D OF NIGERIAN ROYALTY CRUDE FOR SIX MONTHS WHICH IS BEING SHARED BY SIX OR SEVEN AMERICAN COMPANIES PLUS MITSUBISHI AND SUMITOMO OF JAPAN. SHELL REFUSED TO BID IN INTEREST OF RESTRAINING PRICES.

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3. WAGNER IS CONVINCED THAT THIS KIND OF SPOT BIDDING

WILL CAUSE YET ANOTHER SUBSTANTIAL OPEC PRICE INCREASE.
HE RECOMMENDS US FREEZE OIL IMPORT PRICES OR IF NOT
POSSIBLE JAW-BONE US COMPANIES OUT OF FURTHER SPOT
BIDS. HE ADDED THAT IF US COMPANIES DROP OUT OF SPOT
MARKET HE WILL APPROACH JAPANESE, WITH WHOM HE HAS SOME
LEVERAGE, TO DO LIKEWISE.

4. WAGNER IS ENTHUSIASTIC ABOUT SECRETARY'S EAG PROPOSAL
WHICH HE BELIEVES IS ONLY REALISTIC SOLUTION FOR WHAT
HE DESCRIBES AS CHAOTIC CONDITION OF OIL INDUSTRY.
HE BELIEVES IT ESSENTIAL THAT PRODUCERS BE INCLUDED
FROM ONSET. SHELL CAN BE COUNTED ON FOR SUPPORT.
GOULD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
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Concepts: PETROLEUM INDUSTRY, IMPORTS, PRICES, PROPOSALS (BID)
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Draft Date: 04 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Previous Handling Restrictions: n/a
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EO Systematic Review
30 JUN 2005

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Review Withdrawn Fields: n/a
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TAGS: ENRG, XX, US, JA, OPEC, MITSUBISHI, SHELL OIL CO, SUMITOMO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005